

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Annual Financial Statements**  
**With Independent Auditor's Report**

**As of and For the Year Ended**  
**June 30, 2008**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/4/09

**KENNETH D. FOLDEN & CO.**

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## Independent Auditor's Report

### TOWN OF HAYNESVILLE Haynesville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville as of June 30, 2008, and for the year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Haynesville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Haynesville as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008, on our consideration of the Town of Haynesville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison information on pages 6 through 10 and 37 through 41, respectively, are not a required part of the basic financial statements but are supplementary information required by U. S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haynesville's basic financial statements. The supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kenneth D. Jordan & Co*

December 23, 2008  
Jonesboro, Louisiana

REQUIRED SUPPLEMENTARY INFORMATION

PART I

# TOWN OF HAYNESVILLE MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE YEAR  
ENDED JUNE 30, 2008

As Management of the Town of Haynesville, we offer readers of the Town of Haynesville's financial statements this narrative overview and analysis of the financial activities of the Town of Haynesville as of and for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Haynesville's basic financial statements. The Town's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad view of the Town of Haynesville's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Haynesville assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Haynesville is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The government-wide financial statements can be found on pages 11 - 12 of this report.

**Fund financial statements.** The fund financial statement focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Haynesville maintains five individual governmental funds. Information as of and for the year ended June 30, 2008, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Sales Tax Fund, Fire Protection District No 3 Fund, Recreation District Wards 2 and 3 Fund, which are considered to be major funds, and the Capital Projects Fund.

The Town of Haynesville adopts an annual appropriated budget for the general fund and the special revenue funds. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13 - 17 of this report.

**Proprietary funds.** The Town's maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its enterprise funds to account for its sewer and water and solid waste operations.

Proprietary funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements. The proprietary funds financial statements provide separate information for all of the enterprise funds, which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 18 - 22 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 36 of this report.

**Supplemental information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the Town of Haynesville's compliance with budgets for its major funds. Also, other supplemental information schedules are included in the report.

## **FINANCIAL HIGHLIGHTS**

- The assets of the Town exceeded its liabilities at June 30, 2008 by \$6,423,192.
- The Town's net assets increased by \$286,204 as a result of this year's operations. The net assets of the governmental activities increased by \$245,619 (8%) from operations, the net assets of the business-type activities increased by \$40,585 (1%).
- At June 30, 2008, the Town's governmental funds reported total ending fund balances of \$1,370,316, an increase of \$83,018, from June 30, 2007. The entire balance is available for spending at the Town's discretion.

# GOVERNMENT-WIDE FINANCIAL ANALYSIS

## NET ASSETS

|   | Governmental Activities |              | Business-Type Activities |              | Totals       |              |
|---|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
|   | 2008                    | 2007         | 2008                     | 2007         | 2008         | 2007         |
| Current and other assets                        | \$ 1,623,969            | \$ 1,371,331 | \$ 799,507               | \$ 742,878   | \$ 2,423,476 | \$ 2,114,209 |
| Capital assets, net                             | 1,726,371               | 1,560,772    | 2,676,131                | 2,731,351    | 4,402,502    | 4,292,123    |
| Total assets                                    | 3,350,340               | 2,932,103    | 3,475,638                | 3,474,229    | 6,825,978    | 6,406,332    |
| Current and other liabilities                   | 253,652                 | 84,031       | 136,515                  | 175,691      | 390,167      | 259,722      |
| Long-term liabilities                           | 12,619                  | 9,622        | -                        | -            | 12,619       | 9,622        |
| Total liabilities                               | 266,271                 | 93,653       | 136,515                  | 175,691      | 402,786      | 269,344      |
| Net assets:                                     |                         |              |                          |              |              |              |
| Invested in capital assets, net of related debt | 1,726,371               | 1,560,772    | 2,676,131                | 2,679,398    | 4,402,502    | 4,240,170    |
| Restricted for debt service                     | -                       | -            | -                        | 51,953       | -            | 51,953       |
| Unrestricted                                    | 1,357,698               | 1,277,678    | 662,992                  | 567,187      | 2,020,690    | 1,844,865    |
| Total net assets                                | \$ 3,084,069            | \$ 2,838,450 | \$ 3,339,123             | \$ 3,298,538 | \$ 6,423,192 | \$ 6,136,988 |

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Town of Haynesville exceeded liabilities by \$6,423,192. A significant portion (69%) of the Town of Haynesville's net assets reflects its investments in capital assets (e.g., land, building, and improvements and equipments, net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources.

## CHANGE IN NET ASSETS

|                                     | Governmental Activities |            | Business-Type Activities |         | Totals     |            |
|-------------------------------------|-------------------------|------------|--------------------------|---------|------------|------------|
|                                     | 2008                    | 2007       | 2008                     | 2007    | 2008       | 2007       |
| REVENUES                            |                         |            |                          |         |            |            |
| General revenues:                   |                         |            |                          |         |            |            |
| Taxes:                              |                         |            |                          |         |            |            |
| Ad valorem                          | \$ 423,351              | \$ 410,055 | \$ -                     | \$ -    | \$ 423,351 | \$ 410,055 |
| Sales taxes                         | 488,580                 | 466,087    | -                        | -       | 488,580    | 466,087    |
| Franchise tax                       | 84,667                  | 85,751     | -                        | -       | 84,667     | 85,751     |
| Other taxes                         | 8,032                   | 5,026      | -                        | -       | 8,032      | 5,026      |
| Licenses and permits                | 102,333                 | 100,343    | -                        | -       | 102,333    | 100,343    |
| Fines, forfeitures, and court costs | 78,049                  | 72,960     | -                        | -       | 78,049     | 72,960     |
| Intergovernmental                   | 41,010                  | 43,938     | -                        | 1,180   | 41,010     | 45,118     |
| Interest earnings                   | 48,718                  | 55,675     | 20,254                   | 21,617  | 68,972     | 77,292     |
| Donated capital assets              | -                       | -          | -                        | -       | -          | -          |
| Grants                              | 210,760                 | -          | 35,000                   | -       | 245,760    | -          |
| Other                               | 116,908                 | 120,586    | -                        | -       | 116,908    | 120,586    |
| Business revenues:                  |                         |            |                          |         |            |            |
| Charges for services                | 2,620                   | -          | 803,161                  | 793,839 | 805,781    | 793,839    |
| Miscellaneous                       | -                       | -          | 814                      | 962     | 814        | 962        |
| Total revenues                      | 1,605,028               | 1,360,421  | 859,229                  | 817,598 | 2,464,257  | 2,178,019  |

|   | Governmental Activities |                     | Business-Type Activities |                     | Totals              |                     |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|   | 2008                    | 2007                | 2008                     | 2007                | 2008                | 2007                |
| EXPENDITURES                                  |                         |                     |                          |                     |                     |                     |
| Current                                       |                         |                     |                          |                     |                     |                     |
| General government                            | 452,739                 | 395,706             | -                        | -                   | 452,739             | 395,706             |
| Public safety                                 | 581,670                 | 559,959             | -                        | -                   | 581,670             | 559,959             |
| Public works                                  | 190,653                 | 163,209             | -                        | -                   | 190,653             | 163,209             |
| Parks and recreation                          | 124,604                 | 107,066             | -                        | -                   | 124,604             | 107,066             |
| Sewer user                                    | -                       | -                   | 225,100                  | 193,301             | 225,100             | 193,301             |
| Utility                                       | -                       | -                   | 603,285                  | 604,977             | 603,285             | 604,977             |
| Total expenditures                            | <u>1,349,666</u>        | <u>1,225,940</u>    | <u>828,385</u>           | <u>798,278</u>      | <u>2,178,051</u>    | <u>2,024,218</u>    |
| Excess (Deficiency) of revenues over expenses | 255,361                 | 134,481             | 30,844                   | 19,320              | 286,205             | 153,801             |
| Capital contributions                         | 365,327                 | -                   | 9,741                    | 22,000              | 375,068             | 22,000              |
| Transfer of capital assets                    | (375,069)               | (22,000)            | -                        | -                   | (375,069)           | (22,000)            |
| Change in Net Assets                          | 245,619                 | 112,481             | 40,585                   | 41,320              | 286,204             | 153,801             |
| Net assets, beginning                         | <u>2,838,450</u>        | <u>2,725,969</u>    | <u>3,298,538</u>         | <u>3,257,218</u>    | <u>6,136,988</u>    | <u>5,983,187</u>    |
| Total net assets                              | <u>\$ 3,084,069</u>     | <u>\$ 2,838,450</u> | <u>\$ 3,339,123</u>      | <u>\$ 3,298,538</u> | <u>\$ 6,423,192</u> | <u>\$ 6,136,988</u> |

**Governmental activities.** The most significant revenues of the governmental activities are general taxes (63%), which include ad valorem taxes (27%), sales taxes (30%), and franchise and other taxes (6%). Grant income was \$210,760, of which \$205,760 was a Louisiana Capital Outlay grant.

Public safety expenses are the most significant (43%) of all governmental activities expenses, followed by general government expenses (32%). Depreciation expense is included in these amounts.

Governmental activities revenues increased \$244,607 in the current year as compared to the prior year. The increase was primarily attributable to an increase in grant income of \$210,760 and an increase in sales tax revenues of \$22,493.

Governmental activities expenses increased \$123,776 in the current year as compared to the prior year. The increase was primarily attributable to a increase in all departments.

**Business-type activities.** The operations of the business-type activities increased the Town's net assets by \$40,585. The business-type revenue exceeded the business-type expenses by \$30,844.

#### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Governmental funds.** As of June 30, 2008, the combined governmental fund balances of \$1,370,316 reflect a increase of \$83,018 from June 30, 2007. The entire fund balance is unreserved, which is considered available for appropriation.

The increases in the revenues and expenses of the governmental funds were described in the above Government-Wide Financial Analysis section.

**Proprietary funds.** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer User Fund's net assets decreased \$39,707 in the current year. The decrease was primarily due to expenses exceeding revenues by \$36,034 and by transfer to other funds of \$3,673.

The Utility Fund's net assets increased \$80,292 in the current year. The increase was primarily due to revenues exceeding expenses by \$66,878 and a transfer from other funds of \$13,414.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

General Fund actual revenues exceeded final budgeted revenues by \$44,960, which resulted primarily from an increase in intergovernmental revenues. General Fund final budgeted expenses were less than actual expenses by \$13,863.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** As of June 30, 2008, the Town of Haynesville's investment in capital assets for its governmental activities amounts to \$1,726,371 (net of accumulated depreciation), and its investment in capital assets for its business-type activities amounts to \$2,676,131 (net of accumulated depreciation). This investment includes land, buildings and improvements, furniture, and equipment. Included in the investment in governmental activities is \$209,433 in capital projects construction work in progress.

**Long-term debt.** At the end of the fiscal year, the Town of Haynesville had total long-term debt of \$12,619. The long-term debt consisted of compensated absences of \$12,619.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town was awarded a Louisiana Capital Outlay Grant for \$698,491 for improvements to the Wastewater Treatment Plan. The project will be completed in the next fiscal year.

The Town was awarded a LCDBG grant for \$354,000 for Fire Protection upgrades. The project will be completed in the next fiscal year.

The fiscal year 2009 budget is forecast to provide \$4,749,527 in estimated surplus and revenues to fund costs of \$3,549,614.

Capital outlay is budgeted in the amount of \$1,237,000 in the 2009 Budget.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Haynesville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Penny Fields, City Clerk, 1711 Main Street, Haynesville, Louisiana 71038.

## BASIC FINANCIAL STATEMENTS

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

June 30, 2008

|   | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|---|----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                                 |                            |                             |                     |
| Cash and equivalents                          | \$ 709,337                 | \$ 356,955                  | \$ 1,066,292        |
| Investments                                   | 667,986                    | 184,758                     | 852,744             |
| Accounts Receivable                           | 246,646                    | 172,924                     | 419,570             |
| Prepaid expenses                              | -                          | 574                         | 574                 |
| Cash and equivalents-restricted               | -                          | 84,295                      | 84,295              |
| Capital assets (net of acc depr)              | 1,726,371                  | 2,676,131                   | 4,402,502           |
| <b>TOTAL ASSETS</b>                           | <b>\$ 3,350,339</b>        | <b>\$ 3,475,638</b>         | <b>\$ 6,825,977</b> |
| <b>LIABILITIES</b>                            |                            |                             |                     |
| Accounts, salaries, and other payables        | \$ 253,652                 | \$ 52,220                   | \$ 305,871          |
| Current liabilities payable from restricted   |                            |                             |                     |
| assets - tenant security deposits             | -                          | 84,295                      | 84,295              |
| Long-term liabilities:                        |                            |                             |                     |
| Due in more than one year                     | 12,619                     | -                           | 12,619              |
| <b>TOTAL LIABILITIES</b>                      | <b>266,271</b>             | <b>136,515</b>              | <b>402,785</b>      |
| <b>NET ASSETS</b>                             |                            |                             |                     |
| Invested in capital assets, net of reltd debt | 1,726,371                  | 2,676,131                   | 4,402,502           |
| Unrestricted                                  | 1,357,698                  | 662,991                     | 2,020,689           |
| <b>TOTAL NET ASSETS</b>                       | <b>\$ 3,084,069</b>        | <b>\$ 3,339,122</b>         | <b>\$ 6,423,191</b> |

The accompanying notes are an integral part of this financial statement.

## TOWN OF HAYNESVILLE

Haynesville, Louisiana

## STATEMENT OF ACTIVITIES

June 30, 2008

| Funcations/Programs                         | MAJOR FUNDS  |                      |                                    | Net (Expense) Revenue and Changes in Net Assets |              |
|---|--------------|----------------------|------------------------------------|---|--------------|
|   | EXPENSES     | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS                | Total        |
| <b>Primary government:</b>                  |              |                      |                                    |   |              |
| Governmental activities:                    |              |                      |                                    |   |              |
| General government                          | \$ 452,739   | \$ 180,381           | \$ -                               | \$ -  | \$ (272,358) |
| Public safety                               | 581,670      | -                    | -                                  | -   | (581,670)    |
| Public works                                | 190,653      | -                    | -                                  | -   | (190,653)    |
| Parks and recreation                        | 124,604      | 2,620                | -                                  | -   | (121,984)    |
| Capital projects                            | -            | -                    | -                                  | 205,760   | 205,760      |
| Total governmental activities               | 1,349,666    | 183,001              | -                                  | 205,760   | (960,905)    |
| Business-type activities:                   |              |                      |                                    |   |              |
| Sewer user fund                             | \$ 225,100   | \$ 179,198           | \$ -                               | \$ -  | \$ (45,902)  |
| Utility fund                                | 603,286      | 624,777              | 35,000                             | -   | 56,491       |
| Total business-type activities              | 828,386      | 803,975              | 35,000                             | -   | 10,589       |
| Total primary government                    | \$ 2,178,052 | \$ 986,976           | \$ 35,000                          | \$ 205,760                                      | \$ (950,316) |
| Taxes:                                      |              |                      |                                    |   |              |
| Property taxes, levied for general purposes |              |                      |                                    | 423,351   | 423,351      |
| Sales taxes                                 |              |                      |                                    | 488,580   | 488,580      |
| Other taxes for general purposes            |              |                      |                                    | 92,698  | 92,698       |
| Interest and investment earnings            |              |                      |                                    | 48,718  | 68,973       |
| Intergovernmental                           |              |                      |                                    | 41,010  | 41,010       |
| Miscellaneous                               |              |                      |                                    | 121,908   | 121,908      |
| Transfers in (out)                          |              |                      |                                    | (9,741)   | -            |
| Total general revenues                      |              |                      |                                    | 1,206,525                                       | 1,236,520    |
| Change in net assets                        |              |                      |                                    | 245,620   | 286,205      |
| Net assets - Beginning                      |              |                      |                                    | 2,838,449                                       | 6,136,987    |
| Net assets - Ending                         |              |                      |                                    | \$ 3,084,069                                    | \$ 6,423,192 |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GOVERNMENTAL FUNDS**

**Balance Sheet**

June 30, 2008

|    | MAJOR FUNDS  |                |                               |                                   |                  | Total        |
|----|--------------|----------------|-------------------------------|-----------------------------------|------------------|--------------|
|    | GENERAL FUND | SALES TAX FUND | FIRE PROTECTION DISTRICT NO 3 | RECREATION DISTRICT - WARDS 2 & 3 | CAPITAL PROJECTS |              |
| \$ | 136,637      | \$ 226,383     | \$ 142,208                    | \$ 204,109                        | \$ -             | \$ 709,337   |
|    |              |                | 667,986                       | -                                 | -                | 667,986      |
|    | 33,816       | 47,968         | -                             | -                                 | 164,862          | 246,646      |
| \$ | 170,452      | \$ 274,351     | \$ 810,194                    | \$ 204,109                        | \$ 164,862       | \$ 1,623,968 |

**ASSETS**

Cash and equivalents

Investments

Receivables, net

TOTAL ASSETS

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts, salaries, and other payables

TOTAL LIABILITIES

Fund balances:

Unreserved, undesignated, reported in:

General revenue fund

Special revenue fund

Total fund balances

Total liabilities and fund balances

|            |            |            |            |            |              |
|------------|------------|------------|------------|------------|--------------|
| 122,454    |            |            |            |            | 122,454      |
| -          | 259,035    | 795,240    | 193,587    | -          | 1,247,862    |
| 122,454    | 259,035    | 795,240    | 193,587    | -          | 1,370,316    |
| \$ 170,452 | \$ 274,351 | \$ 810,194 | \$ 204,109 | \$ 164,862 | \$ 1,623,968 |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets**  
June 30, 2008

Total Fund Balances at June 30, 2008 - Governmental Funds \$ 1,370,316

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported in  
governmental funds, net of depreciation

1,726,372

Certain liabilities are not due and payable in the current period  
and therefore are not reported in the funds:

Compensated absences

(12,619)

Net Assets at June 30, 2008

\$ 3,084,069

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
For the Year Ended June 30, 2008

|                                     | MAJOR FUNDS  |                |                               |                                   |                  | Total        |
|-------------------------------------|--------------|----------------|-------------------------------|-----------------------------------|------------------|--------------|
|                                     | GENERAL FUND | SALES TAX FUND | FIRE PROTECTION DISTRICT NO 3 | RECREATION DISTRICT - WARDS 2 & 3 | CAPITAL PROJECTS |              |
| <b>REVENUES</b>                     |              |                |                               |                                   |                  |              |
| Taxes:                              |              |                |                               |                                   |                  |              |
| Ad valorem                          | \$ 118,660   | \$ -           | \$ 155,624                    | \$ 149,067                        | \$ -             | \$ 423,351   |
| Sales taxes                         | -            | 488,580        | -                             | -                                 | -                | 488,580      |
| Franchise tax                       | 84,667       | -              | -                             | -                                 | -                | 84,667       |
| Other taxes                         | 8,032        | -              | -                             | -                                 | -                | 8,032        |
| Licenses and permits                | 102,333      | -              | -                             | -                                 | -                | 102,333      |
| Fines, forfeitures, and court costs | 78,049       | -              | -                             | -                                 | -                | 78,049       |
| Charges for services                | -            | -              | -                             | 2,620                             | -                | 2,620        |
| Intergovernmental                   | 41,010       | -              | -                             | -                                 | -                | 41,010       |
| Interest earnings                   | 3,428        | 6,054          | 33,008                        | 6,229                             | -                | 48,718       |
| Grant                               | -            | -              | -                             | -                                 | 205,760          | 205,760      |
| Other                               | 103,346      | -              | 17,836                        | 726                               | -                | 121,908      |
| Total revenues                      | \$ 539,523   | \$ 494,634     | \$ 206,468                    | \$ 158,641                        | \$ 205,760       | \$ 1,605,027 |

**EXPENDITURES**

Current:

|                      |            |            |            |            |            |              |
|----------------------|------------|------------|------------|------------|------------|--------------|
| General government   | \$ 253,614 | \$ 177,002 | \$ -       | \$ -       | \$ -       | \$ 430,616   |
| Public safety        | 385,122    | -          | 143,758    | -          | -          | 528,879      |
| Public works         | 163,835    | -          | -          | -          | -          | 163,835      |
| Parks and recreation | -          | -          | -          | 120,062    | -          | 120,062      |
| Capital outlay       | 19,540     | -          | 4,860      | 35,043     | 209,433    | 268,877      |
| Total expenditures   | \$ 822,110 | \$ 177,002 | \$ 148,618 | \$ 155,105 | \$ 209,433 | \$ 1,512,269 |

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
For the Year Ended June 30, 2008

|  | MAJOR FUNDS  |                |                               |                                   | Total            |
|--|--------------|----------------|-------------------------------|-----------------------------------|------------------|
|  | GENERAL FUND | SALES TAX FUND | FIRE PROTECTION DISTRICT NO 3 | RECREATION DISTRICT - WARDS 2 & 3 | CAPITAL PROJECTS |
| <b>EXCESS (Deficiency) OF REVENUES</b> |              |                |                               |                                   |                  |
| <b>OVER EXPENDITURES</b>               | (282,586)    | 317,632        | 57,850                        | 3,536                             | (3,674)          |
|  |              |                |                               |                                   | 92,758           |
| <b>OTHER FINANCING SOURCES (Uses):</b> |              |                |                               |                                   |                  |
| Operating transfers in                 | 344,853      | -              | 16,800                        | -                                 | 3,674            |
|  |              |                |                               |                                   | 365,327          |
| Operating transfers out                | (13,414)     | (353,751)      | (7,902)                       | -                                 | -                |
| Total other financing sources (uses)   | 331,439      | (353,751)      | 8,898                         | -                                 | 3,674            |
|  |              |                |                               |                                   | (375,067)        |
|  |              |                |                               |                                   | (9,740)          |
| <b>NET CHANGES IN FUND BALANCES</b>    | 48,853       | (36,119)       | 66,748                        | 3,536                             | -                |
|  |              |                |                               |                                   | 83,018           |
| <b>FUND BALANCES - JULY 1, 2007</b>    | 73,601       | 295,154        | 728,492                       | 190,051                           | -                |
|  |              |                |                               |                                   | 1,287,298        |
| <b>FUND BALANCES - JUNE 30, 2008</b>   | 122,454      | 259,035        | 795,240                       | 193,587                           | -                |
|  |              |                |                               |                                   | 1,370,318        |

(Concluded)

The accompanying notes to the financial statements are an integral part of this statement.

## TOWN OF HAYNESVILLE

Haynesville, Louisiana

**Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures, and Changes  
In Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2008**

Total net change in fund balances - governmental funds (Statement E) \$ 83,018

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However,  
in the Statement of Activities, the cost of those assets is capitalized over  
their estimated useful lives as depreciation expense. This is the amount by  
which capital outlays exceed depreciation in the period

165,600

Depreciation ( \$103,277)

Capital outlay \$268,877

Compensated absence expense increase

(2,999)

Change in net assets of governmental activities (Statement B)

\$ 245,619

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Proprietary Funds**  
June 30, 2008

|  | Business-type Activities<br>Enterprise Funds |                  |                              |
|--|--|------------------|------------------------------|
|  | Sewer<br>User Fund                           | Utility<br>Fund  | Total<br>Enterprise<br>Funds |
| <b>ASSETS</b>                                      |  |                  |                              |
| Current Assets:                                    |  |                  |                              |
| Cash and equivalents                               | \$ 105,189                                   | \$ 251,766       | \$ 356,955                   |
| Investments  | 184,758                                      | -                | 184,758                      |
| Receivables (net of allowances for uncollectibles) | 38,333                                       | 134,591          | 172,924                      |
| Prepaid expenses                                   | -  | 574              | 574                          |
| Total Current Assets                               | <u>328,280</u>                               | <u>386,932</u>   | <u>715,212</u>               |
| Restricted Assets:                                 |  |                  |                              |
| Cash and cash equivalents                          | -  | 84,295           | 84,295                       |
| Total Restricted Assets                            | <u>-</u>                                     | <u>84,295</u>    | <u>84,295</u>                |
| Noncurrent Assets:                                 |  |                  |                              |
| Capital assets:                                    |  |                  |                              |
| Land   | 25,500                                       | -                | 25,500                       |
| Buildings and equipment (net of accum. depr.)      | 1,877,678                                    | 772,952          | 2,650,631                    |
| Total Non-Current Assets                           | <u>1,903,178</u>                             | <u>772,952</u>   | <u>2,676,131</u>             |
| Total Assets                                       | <u>2,231,458</u>                             | <u>1,244,179</u> | <u>3,475,638</u>             |

(Continued)

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Proprietary Funds**  
June 30, 2008

|   | Business-type Activities<br>Enterprise Funds |                     |                              |
|---|--|---------------------|------------------------------|
|   | Sewer<br>User Fund                           | Utility<br>Fund     | Total<br>Enterprise<br>Funds |
| <b>LIABILITIES</b>                              |  |                     |                              |
| Current Liabilities:                            |  |                     |                              |
| Accounts payable                                | \$ 12,725                                    | \$ 31,578           | \$ 44,304                    |
| Accrued salaries and withholdings               | 1,199  | 6,717               | 7,916                        |
| Total Current Liabilities                       | <u>13,924</u>                                | <u>38,296</u>       | <u>52,220</u>                |
| Current Liabilities payable from                |  |                     |                              |
| restricted assets - tenant security deposits    | <u>-</u>                                     | <u>84,295</u>       | <u>84,295</u>                |
| Non-Current Liabilities:                        |  |                     |                              |
| Total Liabilities                               | <u>13,924</u>                                | <u>122,591</u>      | <u>136,515</u>               |
| <b>NET ASSETS</b>                               |  |                     |                              |
| Invested in capital assets, net of related debt | 1,903,178                                    | 772,952             | 2,676,131                    |
| Unrestricted                                    | <u>314,356</u>                               | <u>348,636</u>      | <u>662,992</u>               |
| <b>TOTAL NET ASSETS</b>                         | <u>\$ 2,217,534</u>                          | <u>\$ 1,121,588</u> | <u>\$ 3,339,123</u>          |

(Concluded)

The accompanying notes to the financial statements are an integral part of this statement.

**TOWN OF HAYNESVILLE**

Haynesville, Louisiana

**PROPRIETARY FUND**Changes in Fund Net Assets  
June 30, 2008

|  | Business-type Activities -<br>Enterprise Funds |                     |                              |
|--|--|---------------------|------------------------------|
|  | Sewer<br>User<br>Fund                          | Utility<br>Fund     | Total<br>Enterprise<br>Funds |
| <b>OPERATING REVENUES</b>                        |  |                     |                              |
| Charges for services                             | \$ 178,922                                     | \$ 624,239          | \$ 803,161                   |
| Miscellaneous                                    | 276  | 538                 | 814                          |
| Total operating revenues                         | <u>179,198</u>                                 | <u>624,777</u>      | <u>803,975</u>               |
| <b>OPERATING EXPENDITURES</b>                    |  |                     |                              |
| Personal services                                | 65,986   | 223,846             | 289,834                      |
| Supplies   | 39,574   | 139,991             | 179,565                      |
| Utilities  | 19,821   | -                   | 19,821                       |
| Repairs and maintenance                          | 32,691   | -                   | 32,691                       |
| Contractual services                             | -  | 179,843             | 179,843                      |
| Other supplies and charges                       | 9,281  | 3,726               | 13,007                       |
| Depreciation                                     | 57,747   | 55,287              | 113,034                      |
| Total operating expenditures                     | <u>225,100</u>                                 | <u>602,695</u>      | <u>827,795</u>               |
| Operating income (loss)                          | <u>(45,902)</u>                                | <u>22,082</u>       | <u>(23,820)</u>              |
| <b>NON-OPERATING REVENUES (Expenditures)</b>     |  |                     |                              |
| Interest earnings                                | 9,868  | 10,386              | 20,254                       |
| Interest expense and fiscal charges              | -  | (590)               | (590)                        |
| State grant                                      | -  | 35,000              | 35,000                       |
| Total non-operating revenues (expenditures)      | <u>9,868</u>                                   | <u>44,796</u>       | <u>54,664</u>                |
| Income (loss) before contributions and transfers | (36,034)                                       | 66,878              | 30,844                       |
| Transfers in (out)                               | <u>(3,673)</u>                                 | <u>13,414</u>       | <u>9,741</u>                 |
| <b>CHANGES IN NET ASSETS</b>                     | <u>(39,707)</u>                                | <u>80,292</u>       | <u>40,585</u>                |
| <b>TOTAL NET ASSETS - BEGINNING</b>              | <u>2,257,241</u>                               | <u>1,041,296</u>    | <u>3,298,537</u>             |
| <b>TOTAL NET ASSETS - ENDING</b>                 | <u>\$ 2,217,534</u>                            | <u>\$ 1,121,588</u> | <u>\$ 3,339,122</u>          |

The accompanying notes are an integral part of this financial statement.

## TOWN OF HAYNESVILLE

Haynesville, Louisiana

## PROPRIETARY FUND

Statement of Cash Flows

June 30, 2008

|   | Business-type Activities - Enterprise Funds |              |                        |
|---|---|--------------|------------------------|
|   | Sewer User Fund                             | Utility Fund | Total Enterprise Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |   |              |                        |
| Cash received from customers                                    | \$ 179,555                                  | \$ 616,475   | \$ 796,030             |
| Cash payments to suppliers for goods and services               | (108,083)                                   | (305,414)    | (413,497)              |
| Cash payments to employees for services                         | (66,794)                                    | (222,433)    | (289,227)              |
| Net cash provided by (used for) operating activities            | 4,678                                       | 88,628       | 93,306                 |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING</b>                    |   |              |                        |
| State grant   | 0   | 35,000       | 35,000                 |
| Transfers from (to) other funds                                 | (3,673)                                     | 13,414       | 9,741                  |
| Net cash provided by noncapital financing activities            | (3,673)                                     | 48,414       | 44,741                 |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |   |              |                        |
| Acquisition of capital assets                                   | 0   | (57,814)     | (57,814)               |
| Payments on capital leases                                      | 0   | (51,953)     | (51,953)               |
| Interest expense  | 0   | (590)        | (590)                  |
| Net cash used for capital and related financing activities      | 0   | (110,357)    | (110,357)              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |   |              |                        |
| Purchase of certificates of deposit                             | (184,758)                                   | 0            | (184,758)              |
| Proceeds from maturing of certificates of deposit               | 175,965                                     | 0            | 175,965                |
| Interest earnings   | 9,868                                       | 10,934       | 20,802                 |
| Net cash provided by (used for) investing activities            | 1,075                                       | 10,934       | 12,009                 |
| Net increase (decrease) in cash and cash equivalents            | 2,080                                       | 37,619       | 39,699                 |
| <b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>        | 103,109                                     | 298,441      | 401,550                |
| <b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>              | \$ 105,189                                  | \$ 336,060   | \$ 441,249             |

(Continued)

The accompanying notes are an integral part of this financial statement.

## TOWN OF HAYNESVILLE

Haynesville, Louisiana

## PROPRIETARY FUND

Statement of Cash Flows

June 30, 2008

RECONCILIATION OF OPERATING INCOME TO NET  
PROVIDED BY OPERATION ACTIVITIES

|  | Business-type Activities -<br>Enterprise Funds |                 |                              |
|--|--|-----------------|------------------------------|
|  | Sewer<br>User<br>Fund                          | Utility<br>Fund | Total<br>Enterprise<br>Funds |
| Operating income (loss)                              | \$ (45,902)                                    | \$ 22,082       | \$ (23,820)                  |
| Adjustments  |  |                 |                              |
| Depreciation   | 57,747   | 55,287          | 113,034                      |
| Net changes in assets and liabilities:               |  |                 |                              |
| Accounts receivable                                  | (393)  | (9,747)         | (10,140)                     |
| Tenants' security deposits                           | 0  | 1,445           | 1,445                        |
| Accounts payable                                     | (5,966)  | 18,146          | 12,180                       |
| Accrued salaries and withholdings                    | (808)  | 1,415           | 607                          |
| Net cash provided by (used for) operating activities | <u>4,678</u>                                   | <u>88,628</u>   | <u>93,306</u>                |

(Concluded)

The accompanying notes are an integral part of this financial statement.

## NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**INTRODUCTION**

The Town of Haynesville, Haynesville, Louisiana (Town), was incorporated August 14, 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Town have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Reporting Authority for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the government to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, Fire Protection District No. 3 and Recreation District - Wards 2 & 3 are considered component units of the Town and are reported in the Town's financial statements as blended entities.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**C. FUNDS**

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary, as follows:

**Governmental Funds**

Governmental funds account for most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Town. The following are the Town's primary governmental funds:

**General Fund** - The primary operating fund of the Town, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

**Major Special Revenue Funds** - Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the Town to be accounted for separately.

**Capital Projects Fund** - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

**Proprietary Funds**

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the Town.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

**Direct Expenses** - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

**Fund Financial Statements (FFS)**

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. As of and for the year ended June 30, 2008 the general fund, sales tax fund, fire protection district, and the recreation district are considered to be major funds and are reported in the Balance Sheet (Statement C) and in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E). The capital projects fund is the only other (nonmajor) governmental fund of the Town.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines, permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Interest earnings are recorded when the investments have matured and the interest is available.

**Expenditures**

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**E. BUDGETS**

The Mayor prepares a proposed budget and submits it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level. The Town utilizes formal budgetary integration as a management control device for all funds.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**F. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**G. INVESTMENTS**

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**H. INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are short term in nature and are classified as interfund receivables or interfund payables on the Balance Sheet (Statement C).

**I. INVENTORIES**

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

**J. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for their intended purposes by the Town, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
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|                          | Estimated Lives |
|--------------------------|-----------------|
| Utility Fund             |                 |
| Water Utility:           |                 |
| Water works              | 40 years        |
| Water meters             | 40 years        |
| Computer                 | 4 - 5 years     |
| Other equipment          | 4 - 10 years    |
| Water tank rework        | 15 years        |
| Sewerage and Sanitation: |                 |
| Lines, pump stations     | 40 years        |
| Autos and trucks         | 4 - 6 years     |
| Other equipment          | 4 - 10 years    |
| Landfill                 | 20 years        |
| Sewer User Fund          |                 |
| Sewerage disposal plant  | 60 years        |
| Equipment                | 60 years        |
| Warehouse                | 4 - 5 years     |
| Lift pump rework         | 10 years        |

**K. ACCOUNTS PAYABLE**

Of the \$305,871 total accounts, salaries and other payables reported on the balance sheet, \$15,922 represents amounts payable to employees for salaries payable. The balance of \$289,949 is due vendors for various operating services and materials and to taxing authorities for payroll tax withholdings.

**L. COMPENSATED ABSENCES**

Compensated absences computed by the Town is as follows:

Vacation is limited to five days after one continuous year of service, ten days after two continuous years of service and thereafter. Vacation days must be used in the calendar year of entitlement. Unused days at December 31 of each year do not accrue.

Sick leave is limited to thirty days at full pay and thirty days at half-pay. Days must be used within the calendar year and do not accrue.

The cost of leave privileges, computed in accordance with the GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees or their heirs are paid for accrued leave upon retirement or death.

At June 30, 2008, employees of the Town have accumulated and vested \$12,619 of employee leave benefits, computed in accordance with GASB Codification Section C60. The entire compensated absence liability is reported on the government-wide financial statements.

**M. RESTRICTED NET ASSETS**

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

**TOWN OF HAYNESVILLE, LOUISIANA**  
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Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

**N. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**O. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

**P. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. LEVIED TAXES**

The following is a summary of authorized and levied ad valorem taxes:

|                   | Authorized Millage | Levied Millage | Expiration Date |
|-------------------|--------------------|----------------|-----------------|
| Fire Protection   | 10.00              | 9.23           | 2009            |
| Recreation        | 5.50               | 5.00           | 2010            |
| Street & Sewage   | 5.00               | 5.00           | 2011            |
| General Operation |                    | 9.39           |                 |

**3. SALES TAX**

Proceeds from a one percent (1%) sales and use tax shall be dedicated and used for the purposes of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, extending, improving, renovating and/or maintaining street light facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities and purchasing and acquiring the necessary land,

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

equipment and furnishings for the afore-said public works, buildings, improvements and facilities, title to which improvements shall be in the public, or for any one or more of said purposes, all as authorized by Sub-Part I, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2711 et seq.)

The Town is also authorized to levy and collect a tax of one percent (1%) for an unlimited period upon the sale at retail, the use, and lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services in said Town, as defined in R.S. 47:301 to 47:317, inclusive, with the revenues derived from said sales and use tax to be deposited in a special fund and dedicated and used for the purposes of industrial construction, inducement and/or procurement, opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges, constructing, acquiring, ex-tending, improving, renovating and/or maintaining street lighting facilities, and waterworks.

**4. CASH AND CASH EQUIVALENTS**

At June 30, 2008, the Town had cash and cash equivalents (book balances) totaling \$1,150,587 of which \$700,845 was in demand deposits, \$231,573 in savings deposits, and \$218,169 in certificates of deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2008, the Town had \$1,199,836 in deposits (collected bank balances). These deposits are secured from risk by \$300,000 federal deposit insurance, a \$200,000 Federal Home Loan Bank Letter of Credit and \$2,308,375 of pledged securities held in a Federal Reserve pledge account. The deposits collateralized by the Letter of Credit and the securities held in the Federal Reserve pledge account are not exposed to custodial credit risk.

**5. INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the Town's name

At June 30, 2008, the Town's investment balances were as follows:

| Type of Investment      | Category 1 | Carrying Amount |                |            | Total Carrying Amount |
|-------------------------|------------|-----------------|----------------|------------|-----------------------|
|                         |            | Fair Value      | Amortized Cost | Cost       |                       |
| Certificates of Deposit | \$ 852,744 |                 |                | \$ 852,744 | \$ 852,744            |

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**6. RECEIVABLES**

The receivables of \$419,570 at June 30, 2008, are as follows:

|                                       | Fund             |                  |                   |                   |
|---------------------------------------|------------------|------------------|-------------------|-------------------|
|                                       | General          | Sales Tax        | Capital Proj      | Enterprise        |
| Occupational licenses                 | \$ 1,950         | \$ -             | \$ -              | \$ -              |
| Royalties, franchise, and other taxes | 27,181           | -                | -                 | -                 |
| Sales taxes                           | -                | 47,968           | -                 | -                 |
| Customer                              | -                | -                | -                 | 170,113           |
| Other                                 | 4,685            | -                | 164,862           | 2,811             |
|                                       | <u>\$ 33,816</u> | <u>\$ 47,968</u> | <u>\$ 164,862</u> | <u>\$ 172,924</u> |

**7. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2008, is as follows:

**A. Capital Assets - Governmental Funds**

|   | Beginning<br>Balance | Additions         | Deletions       | Ending<br>Balance   |
|---|----------------------|-------------------|-----------------|---------------------|
| Capital assets not being depreciated:       |                      |                   |                 |                     |
| Land  | \$ 399,279           | \$ -              | \$ -            | \$ 399,279          |
| Constructions in progress                   | -                    | 209,433           | -               | 209,433             |
| Total capital assets not being depreciated  | <u>399,279</u>       | <u>209,433</u>    | <u>-</u>        | <u>608,712</u>      |
| Capital assets being depreciated:           |                      |                   |                 |                     |
| Buildings and improvements                  | 1,379,172            | 30,695            | -               | 1,409,867           |
| Equipment and furniture                     | 1,151,309            | 28,748            | (31,252)        | 1,148,805           |
| Total capital assets being depreciated      | <u>2,530,481</u>     | <u>59,443</u>     | <u>(31,252)</u> | <u>2,558,672</u>    |
| Less accumulated depreciation for:          |                      |                   |                 |                     |
| Buildings and improvements                  | (651,520)            | (31,376)          | -               | (682,896)           |
| Equipment and furniture                     | (717,468)            | (71,901)          | 31,252          | (758,117)           |
| Total accumulated depreciation              | <u>(1,368,988)</u>   | <u>(103,277)</u>  | <u>31,252</u>   | <u>(1,441,013)</u>  |
| Total capital assets being depreciated, net | <u>1,161,493</u>     | <u>(43,834)</u>   | <u>-</u>        | <u>1,117,659</u>    |
| Total capital assets, net                   | <u>\$ 1,560,772</u>  | <u>\$ 165,599</u> | <u>\$ -</u>     | <u>\$ 1,726,371</u> |

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**Functional Allocation of Depreciation Expense**

| Function             | Depreciation<br>Expense |
|----------------------|-------------------------|
| General government   | \$ 19,126               |
| Public safety        | 52,791                  |
| Public works         | 26,618                  |
| Parks and recreation | 4,542                   |
| Total                | <u>\$ 103,277</u>       |

**B. Capital Assets - Proprietary Funds**

|  | Beginning<br>Balance | Additions          | Deletions   | Ending<br>Balance   |
|--|----------------------|--------------------|-------------|---------------------|
| Capital assets not being depreciated:        |                      |                    |             |                     |
| Land   | \$ 25,500            | \$ -               | \$ -        | \$ 25,500           |
| Constructions in progress                    | -                    | -                  | -           | -                   |
| Total capital assets not being depreciated   | <u>25,500</u>        | <u>-</u>           | <u>-</u>    | <u>25,500</u>       |
| Other Capital assets being depreciated:      |                      |                    |             |                     |
| Utility plant and distribution system        | 4,831,896            | -                  | -           | 4,831,896           |
| Machinery & equipment                        | 466,242              | 57,814             | -           | 524,056             |
| Total other capital assets being depreciated | <u>5,298,138</u>     | <u>57,814</u>      | <u>-</u>    | <u>5,355,952</u>    |
| Less accumulated depreciation                | <u>(2,592,287)</u>   | <u>(113,034)</u>   | <u>-</u>    | <u>(2,705,321)</u>  |
| Other capital assets, net                    | <u>2,705,851</u>     | <u>(55,220)</u>    | <u>-</u>    | <u>2,650,631</u>    |
| Total capital assets, net                    | <u>\$ 2,731,351</u>  | <u>\$ (55,220)</u> | <u>\$ -</u> | <u>\$ 2,676,131</u> |

\*Depreciation expense was charged to  
functions as follows:

| Business-type activities:                              | 2008              |
|--|-------------------|
| Utility  | \$ 55,287         |
| Sewer  | 57,747            |
| Total Business-type activities depreciation<br>expense | <u>\$ 113,034</u> |

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**8. RETIREMENT SYSTEMS**

**A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)**

**Plan Description**

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55, with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

**Funding Policy**

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 13.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year. The Town of Haynesville contributions to the System under Plan A for the years ending June 30, 2008, 2007, and 2006 were \$42,466, \$43,842, and \$40,534, respectively, equal to the required contributions for each year.

**B. MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA**

**(SYSTEM) Plan Description**

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (225)929-7411.

**Funding Policy**

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Haynesville is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of plan members and the Town of Haynesville are established and may be amended by state statute. As provided by LA R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haynesville's contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$22,205, \$24,564, and \$19,938, respectively, equal to the required contributions for each year.

**9. CAPITAL LEASE**

The Town had leased a meter reading system through Government Capital Corporation. The lease term was for sixty months with an expiration date of April 1, 2008. Payments of \$8,045 were due on a monthly basis. The final lease payments were made in the current fiscal year.

The water meter reading system is included in capital assets and is being depreciated over its estimated useful economic life.

**10. LONG-TERM OBLIGATIONS**

Through its history, the Town has funded the liability for compensated absences due employees upon retirement or death from the fund that incurred the liability for the salaries of those employees. During 2003, the Town entered into a capital lease in order to obtain water meters and a reading system. The following is a summary of the long-term obligation transactions for the year ended June 30, 2008:

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

|                         | <b>Capital Lease<br/>Obligation</b> | <b>Compensated<br/>Absences</b> | <b>Total</b> |
|-------------------------|-------------------------------------|---------------------------------|--------------|
| Balance at July 1, 2007 | \$ 51,953                           | \$ 9,623                        | \$ 61,576    |
| Additions               | -                                   | 12,619                          | 12,619       |
| Deletions               | (51,953)                            | (9,623)                         | (61,576)     |
| Balance at July 1, 2008 | \$ -                                | \$ 12,619                       | \$ 12,619    |

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2008:

|                   | <b>Lease<br/>Obligation</b> | <b>Compensated<br/>Absences</b> | <b>Total</b> |
|-------------------|-----------------------------|---------------------------------|--------------|
| Current portion   |                             | \$ -                            | \$ -         |
| Long term portion | -                           | 12,619                          | 12,619       |
| Total             | \$ -                        | \$ 12,619                       | \$ 12,619    |

**11. LEASE INCOME**

The Town leases a building to a regional retailer. The lease agreement specifies that the tenant pay the town \$1,000 per month. On an annual basis the tenant pays the Town an amount equal to 2% of its gross sales less the monthly rent paid during the year. This lease will end on January 31, 2009.

**12. RISK MANAGEMENT**

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

**13. LITIGATION AND CLAIMS**

At June 30, 2008, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

**TOWN OF HAYNESVILLE, LOUISIANA**  
Haynesville, Louisiana

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2008

**14. GRANTS**

The Town applied for a Louisiana Capital Outlay Grant for \$698,481, the projected cost of the Wastewater Treatment Plant improvements. The Town was awarded \$615,000, with the Town responsible for the remaining costs. The project was completed and placed in service in December, 2008.

The Town applied for a \$354,000 LCDBG grant for Fire Protection upgrades. The grant was awarded in Fiscal Year 2007/2008, and the improvement project is to begin in Fiscal Year 2008/2009.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana  
**GENERAL FUND**

June 30, 2008

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET  | ACTUAL<br>(BUDGETARY<br>BASIS) | VARIANCE<br>WITH FINAL<br>BUDGET<br>Positive<br>(Negative) |
|---|--------------------|------------------|--------------------------------|--|
| <b>REVENUES</b>   |                    |                  |                                |  |
| Taxes   |                    |                  |                                |  |
| Ad valorem  | \$ 114,000         | \$ 119,000       | \$ 118,660                     | \$ (340)   |
| Franchise tax   | -                  | -                | 84,667                         | 84,667   |
| Other taxes   | 5,800              | 4,200            | 8,032                          | 2,232  |
| Licenses and permits                                      | 172,100            | 181,000          | 102,333                        | (78,667)   |
| Fines, forfeitures, and court costs                       | 73,000             | 77,500           | 78,050                         | 550  |
| Intergovernmental   | -                  | 5,000            | 41,010                         | 36,010   |
| Interest earnings   | 3,739              | 3,204            | 3,427                          | 223  |
| Other   | 83,600             | 104,662          | 103,347                        | (1,315)  |
| Total revenues  | <u>452,239</u>     | <u>494,566</u>   | <u>539,526</u>                 | <u>\$ 44,960</u>   |
| <b>EXPENDITURES</b>                                       |                    |                  |                                |  |
| Current   |                    |                  |                                |  |
| General government  | 234,100            | 266,450          | 253,616                        | 12,834   |
| Public safety   | 339,000            | 364,600          | 385,122                        | (20,522)   |
| Public works  | 145,000            | 162,200          | 163,835                        | (1,635)  |
| Capital outlay  | -                  | 15,000           | 19,540                         | (4,540)  |
| Total expenditures  | <u>718,100</u>     | <u>808,250</u>   | <u>822,113</u>                 | <u>\$ (13,863)</u>   |
| <b>EXCESS (Deficiency) REVENUES<br/>OVER EXPENDITURES</b> | <u>(265,861)</u>   | <u>(313,684)</u> | <u>(282,587)</u>               | <u>31,097</u>  |
| <b>OTHER FINANCING SOURCES (Uses)</b>                     |                    |                  |                                |  |
| Operating transfers in                                    | 263,000            | 322,900          | 344,853                        | 21,953   |
| Operating transfers out                                   | -                  | -                | (13,414)                       | (13,414)   |
| Total other financing sources(uses)                       | <u>263,000</u>     | <u>322,900</u>   | <u>331,439</u>                 | <u>8,539</u>   |
| <b>NET CHANGES IN FUND BALANCES</b>                       | <u>(2,861)</u>     | <u>9,216</u>     | <u>48,852</u>                  | <u>39,636</u>  |
| <b>FUND BALANCES - JULY 1, 2008</b>                       | <u>73,601</u>      | <u>73,601</u>    | <u>73,602</u>                  | <u>1</u>   |
| <b>FUND BALANCES - JUNE 30, 2008</b>                      | <u>70,740</u>      | <u>82,817</u>    | <u>\$ 122,454</u>              | <u>\$ 39,637</u>   |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana  
**SALES TAX FUND**

June 30, 2008

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL<br>(BUDGETARY<br>BASIS) | VARIANCE<br>WITH FINAL<br>BUDGET<br>Positive<br>(Negative) |
|--|--------------------|-------------------|--------------------------------|--|
| <b>REVENUES</b>  |                    |                   |                                |  |
| Taxes  |                    |                   |                                |  |
| Sales taxes  | \$ 480,000         | \$ 483,000        | \$ 488,580                     | \$ 5,580   |
| Interest earnings  | 6,000              | 3,700             | 6,054                          | \$ 2,354   |
| Total revenues   | <u>486,000</u>     | <u>486,700</u>    | <u>494,634</u>                 | <u>7,934</u>   |
| <b>EXPENDITURES</b>  |                    |                   |                                |  |
| Current  |                    |                   |                                |  |
| General government   | 217,400            | 195,900           | 177,005                        | 18,895   |
| Total expenditures   | <u>217,400</u>     | <u>195,900</u>    | <u>177,005</u>                 | <u>18,895</u>  |
| <b>EXCESS (Deficiency) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>268,600</u>     | <u>290,800</u>    | <u>317,629</u>                 | <u>26,829</u>  |
| <b>OTHER FINANCING SOURCES (Uses)</b>                        |                    |                   |                                |  |
| Operating transfers out                                      | (263,000)          | (322,900)         | (353,751)                      | (30,851)   |
| Total other financing sources(uses)                          | <u>(263,000)</u>   | <u>(322,900)</u>  | <u>(353,751)</u>               | <u>(30,851)</u>  |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <u>5,600</u>       | <u>(32,100)</u>   | <u>(36,122)</u>                | <u>(4,022)</u>   |
| <b>FUND BALANCES - JULY 1, 2008</b>                          | <u>295,154</u>     | <u>295,154</u>    | <u>295,157</u>                 | <u>3</u>   |
| <b>FUND BALANCES - JUNE 30, 2008</b>                         | <u>\$ 300,754</u>  | <u>\$ 263,054</u> | <u>\$ 259,035</u>              | <u>\$ (4,019)</u>  |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana  
**FIRE PROTECTION DISTRICT NO. 3 FUND**

June 30, 2008

|   | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL<br>(BUDGETARY<br>BASIS) | VARIANCE<br>WITH FINAL<br>BUDGET<br>Positive<br>(Negative) |
|---|--------------------|-------------------|--------------------------------|--|
| <b>REVENUES</b>   |                    |                   |                                |  |
| Taxes   |                    |                   |                                |  |
| Ad valorem  | \$ 145,000         | \$ 149,000        | \$ 155,624                     | \$ 6,624   |
| Interest earnings   | 14,000             | 8,000             | 33,008                         | 25,008   |
| Other   | 16,500             | 17,836            | 17,836                         | -  |
| Total revenues  | <u>175,500</u>     | <u>174,836</u>    | <u>206,468</u>                 | <u>31,632</u>  |
| <b>EXPENDITURES</b>                                       |                    |                   |                                |  |
| Public safety   | 112,500            | 122,910           | 143,757                        | (20,847)   |
| Capital outlay  | 50,000             | 2,000             | 4,860                          | (2,860)  |
| Total expenditures  | <u>162,500</u>     | <u>124,910</u>    | <u>148,617</u>                 | <u>(23,707)</u>  |
| <b>EXCESS (Deficiency) REVENUES<br/>OVER EXPENDITURES</b> | <u>13,000</u>      | <u>49,926</u>     | <u>57,851</u>                  | <u>7,925</u>   |
| <b>OTHER FINANCING SOURCES (Uses)</b>                     |                    |                   |                                |  |
| Operating transfers in                                    | 16,800             | 16,800            | 8,898                          | (7,902)  |
| Total other financing sources(uses)                       | <u>16,800</u>      | <u>16,800</u>     | <u>8,898</u>                   | <u>(7,902)</u>   |
| <b>NET CHANGES IN FUND BALANCES</b>                       | <u>29,800</u>      | <u>66,726</u>     | <u>66,749</u>                  | <u>23</u>  |
| <b>FUND BALANCES - JULY 1, 2008</b>                       | <u>728,492</u>     | <u>728,492</u>    | <u>728,491</u>                 | <u>(1)</u>   |
| <b>FUND BALANCES - JUNE 30, 2008</b>                      | <u>\$ 758,292</u>  | <u>\$ 795,218</u> | <u>\$ 795,240</u>              | <u>\$ 22</u>   |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana  
**RECREATION DISTRICT WARDS 2 & 3**

June 30, 2008

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET   | ACTUAL<br>(BUDGETARY<br>BASIS) | VARIANCE<br>WITH FINAL<br>BUDGET<br>Positive<br>(Negative) |
|--|--------------------|-------------------|--------------------------------|--|
| <b>REVENUES</b>  |                    |                   |                                |  |
| Taxes  |                    |                   |                                |  |
| Ad valorem   | \$ 135,000         | \$ 144,000        | \$ 149,067                     | \$ 5,067   |
| Interest earnings  | 8,500              | 9,200             | 6,229                          | (2,971)  |
| Charges for services   | 2,500              | 2,390             | 2,620                          | 230  |
| Other  | -                  | -                 | 726                            | 726  |
| Total revenues   | <u>146,000</u>     | <u>155,590</u>    | <u>158,642</u>                 | <u>3,052</u>   |
| <b>EXPENDITURES</b>  |                    |                   |                                |  |
| Current  |                    |                   |                                |  |
| Parks and recreation   | 121,710            | 123,050           | 120,061                        | 2,989  |
| Capital outlay   | 25,000             | 35,000            | 35,043                         | (43)   |
| Total expenditures   | <u>146,710</u>     | <u>158,050</u>    | <u>155,104</u>                 | <u>2,946</u>   |
| <b>EXCESS (Deficiency) OF REVENUES<br/>OVER EXPENDITURES</b> | <u>(710)</u>       | <u>(2,460)</u>    | <u>3,538</u>                   | <u>5,998</u>   |
| <b>OTHER FINANCING SOURCES (Uses)</b>                        |                    |                   |                                |  |
|  | -                  | -                 | -                              | -  |
| <b>TOTAL OTHER FINANCING SOURCES (Uses)</b>                  | <u>-</u>           | <u>-</u>          | <u>-</u>                       | <u>-</u>   |
| <b>NET CHANGES IN FUND BALANCES</b>                          | <u>(710)</u>       | <u>(2,460)</u>    | <u>3,538</u>                   | <u>5,998</u>   |
| <b>FUND BALANCES - JULY 1, 2008</b>                          | <u>190,051</u>     | <u>190,051</u>    | <u>190,049</u>                 | <u>(2)</u>   |
| <b>FUND BALANCES - JUNE 30, 2008</b>                         | <u>\$ 189,341</u>  | <u>\$ 187,591</u> | <u>\$ 193,587</u>              | <u>\$ 5,996</u>  |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana  
**CAPITAL PROJECTS**

June 30, 2008

|  | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL<br>(BUDGETARY<br>BASIS) | VARIANCE<br>WITH FINAL<br>BUDGET<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------------------------|--|
| <b>REVENUES</b>  |                    |                 |                                |  |
| Grant  | \$ 350,000         | \$ -            | \$ 205,760                     | \$ 205,760   |
| Total revenues   | 350,000            | -               | 205,760                        | 205,760  |
| <b>EXPENDITURES</b>  |                    |                 |                                |  |
| Current  |                    |                 |                                |  |
| Capital outlay   | 350,000            | -               | 209,433                        | (209,433)  |
| Total expenditures   | 350,000            | -               | 209,433                        | (209,433)  |
| <b>EXCESS (Deficiency) OF REVENUES<br/>OVER EXPENDITURES</b> | -                  | -               | (3,673)                        | (3,673)  |
| <b>OTHER FINANCING SOURCES (Uses)</b>                        |                    |                 |                                |  |
| Transfers in   | -                  | -               | 3,673                          | 3,673  |
| <b>TOTAL OTHER FINANCING SOURCES (Uses)</b>                  | -                  | -               | 3,673                          | 3,673  |
| <b>NET CHANGES IN FUND BALANCES</b>                          | -                  | -               | -                              | -  |
| <b>FUND BALANCES - JULY 1, 2008</b>                          | -                  | -               | -                              | -  |
| <b>FUND BALANCES - JUNE 30, 2008</b>                         | \$ -               | \$ -            | \$ -                           | \$ -   |

The accompanying notes are an integral part of this financial statement.

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Notes to the Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2008**

**NOTE 1 - BUDGETARY POLICIES**

A proposed budget for the general fund and the special revenue funds of the Town of Haynesville is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Town of Haynesville and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Town of Haynesville authorizes all amendments to the budget. Amendments were made to the original budget and all amendments are reflected in the accompanying budget comparison information.

Formal budgetary integration is employed as a management control device during the year.

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Town of Haynesville  
Haynesville, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Haynesville, as of and for the year ended June 30, 2008, which collectively comprise the Town of Haynesville's basic financial statements and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Haynesville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haynesville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Haynesville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Haynesville's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Haynesville's financial statements that is more than inconsequential will not be prevented or detected by the Town of Haynesville's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Haynesville's internal control.

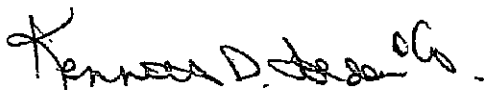
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Haynesville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2008-01.

Town of Haynesville's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Town of Haynesville's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the Board of Aldermen of the Town of Haynesville, management of the Town of Haynesville, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



December 23, 2008  
Jonesboro, Louisiana

## SUPPLEMENTAL INFORMATION

**TOWN OF HAYNESVILLE**  
Haynesville, Louisiana

**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2008**

We have audited the basic financial statements of the Town of Haynesville as of and for the year ended June 30, 2008, and have issued our report thereon dated December 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-133. Our audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

**SECTION 1. SUMMARY OF AUDITOR'S REPORT**

**A. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses ☐ Yes ☒ No      Other Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Current Year**

**2008-1-Untimely Filing of Report**

The Town of Haynesville did not have annual financial statements filed within six months of the close of the year as required by law.

**Management Response**

Practices have been put in place that will ensure future required filings will be submitted in a timely manner, and within the time frame required by state law.

**Prior Year**

**2007-1-Untimely Filing of Report**

The Town of Haynesville did not have annual financial statements filed within six months of the close of the year as required by law.

**Management Response**

Practices have been put in place that will ensure future required filings will be submitted in a timely manner, and within the time frame required by state law.

**TOWN OF HAYNESVILLE**  
**Haynesville, Louisiana**

**Schedule of Compensation Paid Councilpersons**  
**For the Year Ended June 30, 2008**

|                    | <b>2008</b>      |
|--------------------|------------------|
| Alvin Kendrick     | \$ 8,322         |
| Brian Bogle        | 1,700            |
| Alfred Buggs       | 1,760            |
| Herbert Taylor     | 4,800            |
| Joyce Major        | 9,213            |
| Rene Lincoln-Buggs | 1,892            |
| Carla Smith        | 4,800            |
| Total              | <u>\$ 32,487</u> |